

January 2018

**JEREMY C. STEIN**

**OFFICE**

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**BORN**: October 17, 1960, Chicago IL.

**EDUCATION**

Massachusetts Institute of Technology, Ph.D., 1986, Economics.

Princeton University, A.B., 1983, Economics, summa cum laude.

**EMPLOYMENT**

Harvard University: Moise Y. Safra Professor of Economics, July 2005-present; Professor of Economics, July 2000-June 2005.

Federal Reserve Board: Governor, May 30, 2012 to May 28, 2014.

U.S. Treasury Department: Senior Advisor to the Secretary; and concurrently, staff of National Economic Council, February-July 2009.

M.I.T. Sloan School of Management: J.C. Penney Professor of Management, July 1994-June 2000; Professor of Finance, July 1993-June 1994; Associate Professor of Finance, July 1990-June 1993.

Harvard Business School: Marvin Bower Fellow, September 1999-June 2000.

Council of Economic Advisers: Senior Staff Economist, September 1989-June 1990.

Harvard Business School: Assistant Professor of Finance, July 1987-June 1990; Research Fellow, July 1986-June 1987.

Goldman Sachs and Co.: Intern, July 1986-June 1987.

Federal Reserve Board: Student Intern, Summer 1985.

City Federal Savings and Loan, Elizabeth, NJ: Hedging Manager, Summer 1983; Research Analyst, Summer 1980, January-September 1981, Summer 1982.

## **OTHER AFFILIATIONS**

Harvard Management Company, Board of Directors, 2015-present.

American Finance Association: President, 2008; President-Elect, 2007; Vice-President, 2006; Board of Directors, 2000-2003, 2009-2011.

Financial Advisory Roundtable, Federal Reserve Bank of New York, 2006-2012.

National Bureau of Economic Research: Research Associate, 1993-present; Faculty Research Fellow 1991-1993.

Squam Lake Group, 2008-2012.

Co-Editor, Quarterly Journal of Economics, 2011-2012.

Co-Editor, Journal of Economic Perspectives, 2007-2009.

Associate Editor, Journal of Financial Economics, 2000-2011, 2015-present; Associate Editor, Journal of Finance, 1993-2000, 2003-2006; Associate Editor, Quarterly Journal of Economics, 1992-2006, 2010-2011; Editorial Board, American Economic Review, 1993-1996; Advisory Editor, Economics Letters, 1993-2002.

Visiting Scholar, Federal Reserve Board, July-August 1990.

Staff Economist, Presidential Task Force on Market Mechanisms (Brady Commission), November 1987-January 1988.

## **HONORS, GRANTS AND FELLOWSHIPS**

Brattle Group Prize (distinguished paper), Journal of Finance, 2015, for: “A Comparative-Advantage Approach to Government Debt Maturity” (with Robin Greenwood and Samuel Hanson).

AEA/AFA Joint Luncheon speaker, 2014.

Fellow, Econometric Society, 2013.

Paolo Baffi lecture, Bank of Italy, 2011.

Fellow, American Academy of Arts and Sciences, 2008.

Fama-DFA Prize, Journal of Financial Economics, 2002, for: “Breadth of Ownership and Stock Returns” (with Joseph Chen and Harrison Hong).

Brattle Group Prize (distinguished paper), Journal of Finance, 2002, for: “Banks as Liquidity Providers: An Explanation for the Coexistence of Lending and Deposit-Taking” (with Anil Kashyap and Raghuram Rajan).

Fama-DFA Prize (second place), Journal of Financial Economics, 2001, for: “Forecasting Crashes: Trading Volume, Past Returns and Conditional Skewness in Stock Prices” (with Joseph Chen and Harrison Hong).

Sloan School Alumni Award for Excellence in Management Education (“Teacher of the Year”), 1998.

Sloan School Excellence in Teaching Award, 1993, 1994, 1995, 1996.

Jensen Prize, Journal of Financial Economics, 1998, for: “Risk Management, Capital Budgeting and Capital Structure Policy for Financial Institutions: An Integrated Approach” (with Kenneth Froot).

Merton Miller Prize, Journal of Business, 1996, for: “Rational Capital Budgeting in an Irrational World”.

National Science Foundation grants: 1992-94 (with Anil Kashyap); 1995-98 (with Anil Kashyap); 1999-2002; and 2002-2007 (with Harrison Hong and Jeffrey Kubik).

Batterymarch Fellowship, 1991-92.

National Science Foundation graduate fellowship, 1983-86.

Class of 1916 Cup, Princeton University, 1983 (top scholar-athlete in graduating class).

Halbert White Prize, Princeton University, 1983 (top student in economics department).

Phi Beta Kappa, 1983.

## **BOOK**

*The Squam Lake Report: Fixing the Financial System*, (with Kenneth French and the Squam Lake Group), Princeton University Press, 2010.

## **ARTICLES**

“Informational Externalities and Welfare-Reducing Speculation,” Journal of Political Economy, 95, December 1987, pp. 1123-1145.

“Takeover Threats and Managerial Myopia,” Journal of Political Economy, 96, February 1988, pp. 61-80.

“The Task Force Report: The Reasoning Behind the Recommendations,” (with Bruce Greenwald), Journal of Economic Perspectives, 2, Summer 1988, pp. 3-23.

“Employee Opportunism and Redundancy in Firms,” (with Jonathan Feinstein), Journal of Economic Behavior and Organization, 10, December 1988, pp. 401-414.

“Cheap Talk and the Fed: A Theory of Imprecise Policy Announcements,” American Economic Review, 79, March 1989, pp. 32-42.

“Overreactions in the Options Market,” Journal of Finance, 44, September 1989, pp. 1011-1023; also reprinted in Advances in Behavioral Finance, edited by Richard Thaler, Russell Sage Foundation, 1993, pp. 341-356; and in Options Markets, edited by G.M. Constantinides and A.G. Malliaris, Edward Elgar Publishing, 2001.

“Efficient Capital Markets, Inefficient Firms: A Model of Myopic Corporate Behavior,” Quarterly Journal of Economics, 104, November 1989, pp. 655-669.

“LDC Debt: Forgiveness, Indexation, and Investment Incentives,” (with Kenneth Froot and David Scharfstein), Journal of Finance, 44, December 1989, pp. 1335-1350.

“Herd Behavior and Investment,” (with David Scharfstein), American Economic Review, 80, June 1990, pp. 465-479.

“How Risky is the Debt in Highly Leveraged Transactions?,” (with Steven Kaplan), Journal of Financial Economics, 27, September 1990, pp. 215-245.

“Transactional Risk, Market Crashes, and the Role of Circuit Breakers,” (with Bruce Greenwald), Journal of Business, 64, October 1991, pp. 443-462.

“Exchange Rates and Foreign Direct Investment: An Imperfect Capital Markets Approach,” (with Kenneth Froot), Quarterly Journal of Economics, 106, November 1991, pp. 1191-1217.

“Stock Price Distributions with Stochastic Volatility: An Analytic Approach,” (with Elias Stein), Review of Financial Studies, 4, December 1991, pp. 727-752; also reprinted in Volatility: New Estimation Techniques for Pricing Derivatives, edited by Robert Jarrow, Risk Publications, 1998, pp. 325-339.

“Shareholder Trading Practices and Corporate Investment Horizons,” (with Kenneth Froot and André Perold), Journal of Applied Corporate Finance, 5, Summer 1992, pp. 42-58.

“Convertible Bonds as ‘Back Door’ Equity Financing,” Journal of Financial Economics, 32, August 1992, pp. 3-21.

“Herd on the Street: Informational Inefficiencies in a Market with Short-Term Speculation,” (with Kenneth Froot and David Scharfstein), Journal of Finance, 47, September 1992, pp. 1461-1484.

“Monetary Policy and Credit Conditions: Evidence from the Composition of External Finance,” (with Anil Kashyap and David Wilcox), American Economic Review, 83, March 1993, pp. 78-98.

“The Evolution of Buyout Pricing and Financial Structure in the 1980's,” (with Steven Kaplan), Quarterly Journal of Economics, 108, May 1993, pp. 313-357; also reprinted in slightly abridged form in Journal of Applied Corporate Finance, 6, Spring 1993, pp. 72-88.

“Risk Management: Coordinating Corporate Investment and Financing Policies,” (with Kenneth Froot and David Scharfstein), Journal of Finance, 48, December 1993, pp. 1629-1658; also reprinted in The Theory of Corporate Finance, edited by Michael J. Brennan, Edward Elgar

Publishing, 1996; and in Corporate Hedging in Theory and Practice, edited by Christopher Culp and Merton Miller, Risk Publications, 1999.

“Monetary Policy and Bank Lending,” (with Anil Kashyap), in Monetary Policy, edited by N. Gregory Mankiw. Chicago: University of Chicago Press, 1994, pp. 221-256.

“Credit Conditions and the Cyclical Behavior of Inventories,” (with Anil Kashyap and Owen Lamont), Quarterly Journal of Economics, 109, August 1994, pp. 565-592.

“Internal versus External Capital Markets,” (with Robert Gertner and David Scharfstein), Quarterly Journal of Economics, 109, November 1994, pp. 1211-1230.

“A Framework for Risk Management,” (with Kenneth Froot and David Scharfstein), Harvard Business Review, 72, November-December 1994, pp. 91-102; also reprinted in Journal of Applied Corporate Finance, 7, Fall 1994, pp. 22-32; and in Corporate Risk: Strategies and Management, edited by Gregory W. Brown and Donald H. Chew, Risk Publications, 1999, pp. 53-65.

“The Impact of Monetary Policy on Bank Balance Sheets,” (with Anil Kashyap), Carnegie-Rochester Conference Series on Public Policy, 42, 1995, pp. 151-195.

“Prices and Trading Volume in the Housing Market: A Model with Downpayment Effects,” Quarterly Journal of Economics, 110, May 1995, pp. 379-406.

“Monetary Policy and Credit Conditions: Evidence from the Composition of External Finance: Reply,” (with Anil Kashyap and David Wilcox), American Economic Review, 86, March 1996, pp. 310-314.

“Rational Capital Budgeting in an Irrational World,” Journal of Business, 69, October 1996, pp. 429-455; also reprinted in Behavioral Finance, edited by Hersh Shefrin, Edward Elgar Publishing, 2000; in Recent Developments in Corporate Finance, edited by Jay Ritter, Edward Elgar Publishing, 2004; and in Advances in Behavioral Finance Volume II, edited by Richard Thaler, Russell Sage Foundation and Princeton University Press, 2004.

“Internal Capital Markets and the Competition for Corporate Resources,” Journal of Finance, 52, March 1997, pp. 111-133; also reprinted in Recent Developments in Corporate Finance, edited by Jay Ritter, Edward Elgar Publishing, 2004.

“Waves of Creative Destruction: Firm-Specific Learning-by-Doing and the Dynamics of Innovation,” Review of Economic Studies, 64, April 1997, pp. 265-288.

“The Role of Banks in Monetary Policy: A Survey with Implications for the European Monetary Union,” (with Anil Kashyap) Federal Reserve Bank of Chicago Economic Perspectives, 21, September/October 1997, pp. 2-19; also reprinted in International Securities, edited by G. Philippatos and G. Koutmos, Edward Elgar Publishing, 2000.

“Risk Management, Capital Budgeting and Capital Structure Policy for Financial Institutions: An Integrated Approach,” (with Kenneth Froot), Journal of Financial Economics, 47, January 1998, pp. 55-82.

“A New Approach to Capital Budgeting for Financial Institutions,” (with Kenneth Froot), Journal of Applied Corporate Finance, 11, Summer 1998, pp. 59-69.

“An Adverse Selection Model of Bank Asset and Liability Management with Implications for the Transmission of Monetary Policy,” RAND Journal of Economics, 29, Autumn 1998, pp. 466-486.

“Leverage and House-Price Dynamics in U.S. Cities,” (with Owen Lamont), RAND Journal of Economics, 30, Autumn 1999, pp. 498-514.

“A Unified Theory of Underreaction, Momentum Trading and Overreaction in Asset Markets,” (with Harrison Hong), Journal of Finance, 54, December 1999, pp. 2143-2184; also reprinted in Behavioral Finance, edited by Hersh Shefrin, Edward Elgar Publishing, 2000 and in Advances in Behavioral Finance Volume II, edited by Richard Thaler, Russell Sage Foundation and Princeton University Press, 2004.

“Bad News Travels Slowly: Size, Analyst Coverage and the Profitability of Momentum Strategies,” (with Harrison Hong and Terence Lim), Journal of Finance, 55, February 2000, pp. 265-295.

“What Do A Million Observations on Banks Say About the Transmission of Monetary Policy?,” (with Anil Kashyap), American Economic Review, 90, June 2000, pp. 407-428.

“Herd Behavior and Investment: Reply,” (with David Scharfstein), American Economic Review, 90, June 2000, pp. 705-706.

“The Dark Side of Internal Capital Markets: Divisional Rent-Seeking and Inefficient Investment,” (with David Scharfstein), Journal of Finance, 55, December 2000, pp. 2537-2564.

“A Comparables Approach to Measuring Cashflow-at-Risk for Non-Financial Firms,” (with Stephen Usher, Daniel LaGattuta and Jeff Youngen), Journal of Applied Corporate Finance, 13, Winter 2001, pp. 100-109.

“Forecasting Crashes: Trading Volume, Past Returns and Conditional Skewness in Stock Prices,” (with Joseph Chen and Harrison Hong), Journal of Financial Economics, 61, September 2001, pp. 345-381.

“Banks as Liquidity Providers: An Explanation for the Coexistence of Lending and Deposit-Taking,” (with Anil Kashyap and Raghuram Rajan), Journal of Finance, 57, February 2002, pp. 33-73.

“Information Production and Capital Allocation: Decentralized vs. Hierarchical Firms,” Journal of Finance, 57, October 2002, pp. 1891-1921.

“Breadth of Ownership and Stock Returns,” (with Joseph Chen and Harrison Hong), Journal of Financial Economics, 66, November-December 2002, pp. 171-205.

“Differences of Opinion, Short-Sales Constraints and Market Crashes,” (with Harrison Hong), Review of Financial Studies, 16, Summer 2003, pp. 487-525.

“When Does the Market Matter? Stock Prices and the Investment of Equity-Dependent Firms,” (with Malcolm Baker and Jeffrey Wurgler), Quarterly Journal of Economics, 118, August 2003, pp. 969-1005.

“Agency, Information and Corporate Investment,” in Handbook of the Economics of Finance, edited by George Constantinides, Milt Harris and René Stulz, Elsevier, 2003, pp. 111-165.

“Cyclical Implications of the Basel-II Capital Standards,” (with Anil Kashyap), Federal Reserve Bank of Chicago Economic Perspectives, 28, Q1 2004, pp. 18-31.

“Social Interaction and Stock-Market Participation,” (with Harrison Hong and Jeffrey Kubik), Journal of Finance, 59, February 2004, pp. 137-163.

“Aggregate Short Interest and Market Valuations,” (with Owen Lamont), American Economic Review Papers and Proceedings, 94, May 2004, pp. 29-32.

“Market Liquidity as a Sentiment Indicator,” (with Malcolm Baker), Journal of Financial Markets, 7, June 2004, pp. 271-299.

“Why Are Most Funds Open-End? Competition and the Limits of Arbitrage,” Quarterly Journal of Economics, 120, February 2005, pp. 247-272.

“Does Function Follow Organizational Form? Evidence From the Lending Practices of Large and Small Banks,” (with Allen Berger, Nathan Miller, Mitchell Petersen and Raghuram Rajan), Journal of Financial Economics, 76, May 2005, pp. 237-269.

“Thy Neighbor’s Portfolio: Word-of-Mouth Effects in the Holdings and Trades of Money Managers,” (with Harrison Hong and Jeffrey Kubik), Journal of Finance, 60, December 2005, pp. 2801-2824.

“Investor Sentiment and Corporate Finance: Micro and Macro,” (with Owen Lamont), American Economic Review Papers and Proceedings, 96, May 2006, pp. 147-151.

“Corporate Financing Decisions When Investors Take the Path of Least Resistance,” (with Malcolm Baker and Joshua Coval), Journal of Financial Economics, 84, May 2007, pp. 266-298.

“Disagreement and the Stock Market,” (with Harrison Hong), Journal of Economic Perspectives, 21, Spring 2007, pp. 109-128.

“Simple Forecasts and Paradigm Shifts,” (with Harrison Hong and Jialin Yu), Journal of Finance, 62, June 2007, pp. 1207-1242.

“Growth vs. Margins: Destabilizing Consequences of Giving the Stock Market What It Wants,” (with Philippe Aghion), Journal of Finance, 63, June 2008, pp. 1025-1058.

“Academic Freedom, Private-Sector Focus, and the Process of Innovation,” (with Philippe Aghion and Mathias Dewatripont), RAND Journal of Economics, 39, Autumn 2008, pp. 617-635.

“The Only Game in Town: Stock-Price Consequences of Local Bias,” (with Harrison Hong and Jeffrey Kubik), Journal of Financial Economics, 90, October 2008, pp. 20-37.

“Conversations Among Competitors,” American Economic Review, 98, December 2008, pp. 2150-2162.

“Rethinking Capital Regulation,” (with Anil Kashyap and Raghuram Rajan), in Maintaining Stability in a Changing Financial System, Federal Reserve Bank of Kansas City, 2008, pp. 431-471.

“Presidential Address: Sophisticated Investors and Market Efficiency,” Journal of Finance, 64, August 2009, pp. 1517-1548.

“A Gap-Filling Theory of Corporate Debt Maturity Choice,” (with Robin Greenwood and Samuel Hanson), Journal of Finance, 65, June 2010, pp. 993-1028.

“Securitization, Shadow Banking, and Financial Fragility,” Daedalus, 139, Fall 2010, pp. 41-51.

“A Macroprudential Approach to Financial Regulation,” (with Samuel Hanson and Anil Kashyap), Journal of Economic Perspectives, 25, Winter 2011, pp. 3-28.

“The Optimal Conduct of Monetary Policy with Interest on Reserves,” (with Anil Kashyap), American Economic Journal: Macroeconomics, 4, January 2012, pp. 266-282.

“Monetary Policy as Financial-Stability Regulation,” Quarterly Journal of Economics, 127, February 2012, pp. 57-95.

“Regulating Large Financial Institutions,” in What Have We Learned? Macroeconomic Policy After the Crisis, edited by George Akerlof, Olivier Blanchard, David Romer, and Joseph Stiglitz, MIT Press, 2014, pp. 135-142.

“Reforming LIBOR and Other Financial-Market Benchmarks,” (with Darrell Duffie), Journal of Economic Perspectives, 29, Spring 2015, pp. 191-212.

“Monetary Policy and Long-Term Real Rates,” (with Samuel Hanson), Journal of Financial Economics, 115, March 2015, pp. 429-448.

“A Comparative-Advantage Approach to Government Debt Maturity,” (with Robin Greenwood and Samuel Hanson), Journal of Finance, 70, August 2015, pp. 1683-1722.

“Dollar Funding and the Lending Behavior of Global Banks,” (with Victoria Ivashina and David Scharfstein), Quarterly Journal of Economics, 130, August 2015, pp. 1241-1281.

“Banks as Patient Fixed-Income Investors,” (with Samuel Hanson, Andrei Shleifer and Robert Vishny), Journal of Financial Economics, 117, September 2015, pp. 449-469.

“Incomplete Contracts and the Role of Small Firms,” in The Impact of Incomplete Contracts on Economics, edited by Philippe Aghion, Mathias Dewatripont, Patrick Legros, and Luigi Zingales. New York: Oxford University Press, 2016, pp. 166-171.

“The Federal Reserve’s Balance Sheet as a Financial Stability Tool,” (with Robin Greenwood and Samuel Hanson) in Designing Resilient Monetary Policy Frameworks for the Future, Federal Reserve Bank of Kansas City, 2016.

“The Demand for Short-Term, Safe Assets and Financial Stability: Some Evidence and Implications for Central Bank Policies,” (with Mark Carlson, Burcu Duygan-Bump, Fabio Natalucci, William R. Nelson, Marcelo Ochoa, and Skander Van den Heuvel), International Journal of Central Banking, 12, December 2016, pp. 307-333.

“Credit-Market Sentiment and the Business Cycle,” (with David López-Salido and Egon Zakrajšek), Quarterly Journal of Economics 132, August 2017, pp. 1261-1318.

“The Fed, the Bond Market, and Gradualism in Monetary Policy,” (with Adi Sunderam), Journal of Finance, forthcoming.

“Strengthening and Streamlining Bank Capital Regulation,” (with Robin Greenwood, Samuel Hanson and Adi Sunderam), Brookings Papers on Economic Activity, forthcoming.

“Trade Invoicing, Bank Funding, and Central Bank Reserve Holdings,” (with Gita Gopinath), American Economic Review Papers and Proceedings, forthcoming.

### **WORKING PAPERS**

“Banking, Trade, and the Making of a Dominant Currency,” (with Gita Gopinath), December 2017.

“The Decline of Big-Bank Lending to Small Business: Dynamic Impacts on Local Credit and Labor Markets,” (with Brian Chen and Samuel Hanson), September 2017.

“The Financial Regulatory Reform Agenda in 2017,” (with Robin Greenwood, Samuel Hanson, and Adi Sunderam), February 2017.

“An Analysis of the Impact of ‘Substantially Heightened’ Capital Requirements on Large Financial Institutions,” (with Anil Kashyap and Samuel Hanson), May 2010. (*This paper was commissioned by The Clearing House Association.*)

“Do Hedge Funds Profit From Mutual-Fund Distress?,” (with Joseph Chen, Samuel Hanson and Harrison Hong), April 2008.

### **SELECTED SPEECHES AS A FEDERAL RESERVE GOVERNOR**

“Evaluating Large-Scale Asset Purchases,” Brookings Institution, October 11, 2012.

“Dollar Funding and Global Banks,” European Central Bank, December 17, 2012.

“Overheating in Credit Markets: Origins, Measurement, and Policy Responses,” Federal Reserve Bank of St. Louis, February 7, 2013.

“Regulating Large Financial Institutions,” International Monetary Fund, April 17, 2013.

“Liquidity Regulation and Central Banking,” Federal Reserve Bank of Richmond, April 19, 2013.

“Comments on Monetary Policy,” Council on Foreign Relations, June 28, 2013.

“Yield-Oriented Investors and the Monetary Transmission Mechanism,” Frankfurt, Germany, September 26, 2013.

“The Fire-Sales Problem and Securities Financing Transactions,” Federal Reserve Bank of New York, October 4, 2013.

“Lean, Clean, and In-Between,” National Bureau of Economic Research, October 18, 2013.

“Banks as Patient Debt Investors,” AEA/AFA Joint Luncheon, Philadelphia, January 3, 2014.

“Comments on ‘Market Tantrums and Monetary Policy’,” U.S. Monetary Policy Forum, New York, February 28, 2014.

“Incorporating Financial Stability Considerations into a Monetary Policy Framework,” Federal Reserve Board, March 21, 2014.

“Challenges for Monetary Policy Communication,” Money Marketeters of New York University, May 6, 2014.

### **OPINION PIECES**

“What Went Wrong With the LBO Boom,” Wall Street Journal, June 19, 1991.

“The \$700 Billion Question,” (with Anil Kashyap) New York Times, September 22, 2008.

“This Bailout Doesn’t Pay Dividends,” (with David Scharfstein) New York Times, October 21, 2008.

“The Next Financial Crisis,” Harvard Crimson, May 27, 2010.

“Basel Needs a Firm Hand and Fewer Delays,” (with David Scharfstein), Financial Times, September 13, 2010.

“Regulating Beyond Bank Size,” New York Times online, December 7, 2010.

“LIBOR Needs More Competition,” (with Darrell Duffie) Bloomberg View, July 22, 2014.

### **COMPENSATED OUTSIDE ACTIVITIES**

A disclosure statement is available at <http://www.economics.harvard.edu/faculty/stein>